

ACCOUNTING POLICY

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| TOPIC: Section 4--Receivables 3.0 | EFFECTIVE DATE: 6/13/86 |
| TITLE: Salary Overpayments: Responsibilities for Recovery | REVISION DATE: 9/13/99 |
| AUTHORIZED BY: Cheryl Thompson, Deputy Director | PAGE 1 OF 3 |

BACKGROUND

Salary overpayments occur for a variety of reasons, including termination of employment when earned vacation time does not cover used vacation time, leave calculation errors, and in certain circumstances when a worker's compensation claim is filed.

Avoidance of Salary Overpayments. Supervisors and Institution and Divisional Payroll Units should make every effort to avoid having salary overpayments. Ordinarily, the last paycheck should be stopped if there is a salary overpayment. Supervisors must promptly inform the Institution or BPER Payroll Unit of any circumstances that may result in a salary overpayment, and the check should be withheld.

Approval of Leave. A substantial number of salary overpayments result from leaves of absence without pay where the employee is allowed to go on leave without settling any salary overpayment that may be due and the employee does not return to work as scheduled.

The collection of salary overpayments is the **joint responsibility** of:

1. The Payroll Specialist in the institution, or for divisions, in the Bureau of Personnel and Employment Relations (BPER), who identifies and makes the first collection attempt to recover the funds, recovers any overpayments of voluntary deductions, and who notifies the Bureau of Fiscal Services (BFS) by completion of the DMT-44 (Salary Overpayment);
2. The Bureau of Fiscal Services (BFS), which makes the required payroll accounting adjustments, enters the account into the WiSMART Accounts Receivable System (ARS), monitors and recommends collection efforts, and approves any write-off not to exceed \$100.00. **See APP Receivables 6.0 (Write-Off of Accounts Receivable).**

The following bulletins explain the procedures to be followed by Institution and BPER Payroll Specialists. These procedures include:

- A. Notification of Division of Management and Technology, Bureau of Fiscal Services (See **Receivables 3.1**);
- B. Repayment procedures and notification of satisfactory repayment (See **Receivables 3.3**).

POLICY

It is the policy of the Department of Health and Family Services to aggressively collect all salary overpayments and unrecovered voluntary deductions.

Written Policy and Designation of Responsible Individuals. Each division or institution shall have written policies to implement departmental procedures for the collection of salary overpayments and the recovery of voluntary deductions. These procedures shall designate individuals within the division or institution to implement the policy and procedures in **Receivables 3.0, 3.1, and 3.3.**

Leave Without Pay. As a routine aspect of the leave approval process, at any time an employee requests a leave of absence without pay that extends beyond the calendar year, a determination must be made by the appointing authority as to whether any unearned vacation or other salary overpayment will occur. Prior to the leave being approved, the employee must repay any amount due at the time the leave goes into effect. If the leave is unapproved, or has extended beyond the initial approval dates, the entire salary overpayment must be immediately invoiced.

Notification of Overpayment. When an employee is overpaid by the State, it is the responsibility of the division or institution payroll specialist to immediately notify the Bureau of Fiscal Services (BFS) and the employee, by completing a Salary Overpayment Form DMT-44; except, adjustments to overpayments for active employees remaining in Pay Status may be handled via a DOA-6006, Department of Administration Central Payroll System--Gross Salary Adjustments.

A DMT-44 must be prepared in the following situations:

1. Total check redeposit.
2. Last pay period in the calendar year, state fiscal year or the last pay period of a project year. Coding for a project year is reflected by the project code in the FMS code string.
3. Collections necessary for people no longer on the payroll (terminations, leaves without pay) with gross wages greater than \$50.00.
4. Adjustments for a prior calendar and/or state fiscal year.

All DMT-44's must contain a clear explanation, by attachment if necessary, of the reasons why the salary overpayment occurred and why the final checks could not be stopped or intercepted.

Recovery of Salary Overpayments and Voluntary Deductions. The Institution or BPER Payroll Unit will take the initial step to collect the overpayment by obtaining a check payable to DHFS or an agreement for a payroll adjustment to cover the salary overpayment, **and** to recover any voluntary deductions from the appropriate organizations.

Recording Salary Overpayments and Additional Collection Efforts

Responsibility for recording all receivables resulting from salary overpayments and voluntary deductions lies with BFS. **Salary overpayments of \$50 or less, and voluntary deductions of \$5 or less do not need to be recorded as a receivable or collected.**

If the initial collection efforts are not successful, and, depending upon the amount due, collection efforts may also include referral to a collection agency, or referral to the Wisconsin Department of Justice via Office of Legal Counsel. Any write-off requests are to be in accordance with **Receivables 6.0.**

Monitoring of Salary Overpayments. The Bureau of Fiscal Services, Institution and Administrative Accounting Section, shall maintain an up-to-date status report of all salary overpayments and voluntary deductions, based upon information in the DMT-44, and shall monitor the progress of any salary overpayments or voluntary deductions.

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